



Michigan State Historic Preservation Tax Credit

PA 343 of 2020

PA 343 of 2020 requires the Michigan State Historic Preservation Office to conduct a public rulemaking process. Items such as application procedures, more detailed eligibility requirements, transfer rules, etc. will be determined through this process. Rulemaking is expected to be conducted in Winter/Spring 2021.

Definition

A tax credit is a dollar for dollar reduction in taxes owed. The State Historic Preservation Tax Credit is a credit against state income tax liability. The credit is **twenty-five percent (25%)** of qualified rehabilitation expenditures.

Eligibility

Expenditure Requirements

- For commercial properties, expenditures must exceed 10% of the state equalized value.
- For residential properties, expenditures must exceed \$1,000 (adjusted annually on "Detroit Consumer Price Index").

Ownership Requirements

- Commercial Credits for Income Producing Properties
 - Owner
 - Lessee for 31.5 years
- Residential Credits
 - Owner
 - Lessee for 27.5 years
- Types of Entities
 - Corporations
 - Associations
 - Partnerships
 - Individuals
 - Non-profits

Designation Requirements

- National Register of Historic Places
- State Register of Historic Sites
- Local historic district

(Individually Listed or Contributing to a Listed District)

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Availability

- \$5 million in credits each calendar year
 - \$2 million for commercial with expenses of \$2 million or greater
 - \$2 million for commercial with expenses of less than \$2 million
 - \$1 million for residential
- No project can receive more than \$2 million in one calendar year
- Credits awarded on a first-come, first-serve basis

Usage Requirements

- Maintain property under [Secretary of the Interior's Standards for Rehabilitation](#) for 5 years after project completion.
- Retain ownership of the property for 5 years after project completion.
- May claim up to 10 years after the project completion date. Must initially claim within 5-years or forfeit credit.

Transferability

- Credits may be transferred to another entity.

